

**Ways and Means Oversight Subcommittee**  
**Hearing on Improper Payments in the Administration of Refundable Tax**  
**Credits**  
**May 25, 2011**

**Questions for the Record from Rep. Kind**

**Question:** Mr. Miller, each year the Internal Revenue Service undertakes an extensive education and outreach program to inform taxpayers about the Earned Income Tax Credit, including holding an annual EITC Awareness Day. What is the IRS' estimate of the percentage of EITC-eligible taxpayers who fail to claim the credit? In each of the three most recent tax years, how many eligible taxpayers may have failed to claim the credit?

**Response:** The most recent study, conducted in collaboration with the Census Bureau, shows an upward trend in the estimated percentage of eligible taxpayers claiming the credit. The participation rate for tax year (TY) 2008, the most recent year available, is estimated to be 79% with a margin of error of +/- 1 percent. This translates into about 4.5 million taxpayers, or about 21 percent of eligible taxpayers, who did not claim the credit.

The estimates of participation from the latest study, as shown in the table below, range from 76% for TY 2005 to 79% for TY 2008. The margin of error for each estimate is +/- 1 percent. Thus, an estimated 21% to 24% of eligible taxpayers failed to claim the credit. The table below reflects the upward trend in participation.

<b>Tax Year</b>	<b>Estimated Participation Rates</b>
TY 2008	79%
TY 2007	79%
TY 2006	77%
TY 2005	76%

**Note:**

*The 2005 -2008 estimates are based on the project study - Earned Income Tax Credit Participation Rate for TY2005 – TY2008, conducted by Wage and Investment Research in collaboration with the Data Integration Division, U.S. Census Bureau.*